

Executive Summary

A. Detailed Description of Existing Operations:

Farmers Mutual Telephone Company (FMTC) currently provides ILEC services to five (5) exchanges, Stanton, Bethesda, New Market, Villisca and Nodaway Iowa exchanges, utilizing 457.03 route miles of fiber in the 344.5 square mile service areas. All five (5) exchanges provide active Ethernet services capable of up to 1 Gbps service. Stanton has 447 access lines, 257 internet services, and 257 video services. Bethesda has 62 access lines, 55 internet services and 32 video services. New Market has 303 access lines, 250 internet services and 220 video services. Villisca has 548 access lines, 382 internet services and 237 video services. Nodaway has 96 access lines, 78 internet services and 51 video services. Our access line counts serve 63.6% of the possible locations. Our internet services serve 66.6% of possible locations. Our video services serve 39% of the possible locations. FMTC has no video competition except the Villisca exchange which has service from Mediacom.

FMTC connects to Aureon which is a corporation established by the independent telephone companies in Iowa to provide centralized equal access. Over the years Aureon also has added internet services and IP video to member and nonmember companies. Aureon has multiple route and electronic diverse rings that connect the POP locations of its contracted companies. FMTC has an Aureon POP in its Stanton, Iowa central office and via its own fiber connection and connection through the Southwest Iowa Network of which FMTC is a member tie to a secondary POP location to Aureon at Griswold, Iowa. Through these connections we are able to diversely connect to Aureon and our New Market central office. FMTC's Stanton and New Market offices are diversely connected via fiber and diversely connected to their own Redcom switch, Broadsoft Switch and Session Border Controllers. Half of the pair of switches are located in Stanton and the other half in New Market. The five (5) exchanges are served over a 10 GigE ring with the ability to expand as needed to multiple 10 GigE transport through LAG.

Farmers Mutual Telephone Company is also a key location of Midwest Fiber Network, a 200 Gig redundant ethernet transport ring that is connected with three Aureon POP locations. Along with being a key location, FMTC owns 11.11% of Midwest Fiber Network.

FMTC also provide CLEC services to the Cities of Red Oak, Clarinda and Bedford, Iowa. Red Oak has 288 voice lines, 18 internet customers and 2 video customers. Clarinda has 7 voice lines, 8 internet customers and 2 video customers. Bedford has 21 voice lines, 16 internet customers and 2 video customers. These communities are served over the FMTC fiber network and voice, data and video interconnections to Aureon and FMTC switching, internet control and video middleware controlled from the Stanton, Iowa central office

FMTC also contracts with Lenox, Iowa to provide voice, data and video services to the Lenox Municipal Utilities fiber to the home (FTTH) system. This community is served over the FMTC

fiber network and voice, data and video interconnections to Aureon and FMTC switching, internet control and video middleware controlled from the Stanton, Iowa central office. FMTC provides these services for 175 access lines, 410 internet customers, 283 video customers.

Our service offering for voice is single and multiple access line and hosted PBX services. Internet offerings for the ILEC exchanges are up to 100 Mbps symmetrical today with the ability to expand to 1 Gbps. IP Video is offered with channel capacity up to 500 channels with premium offerings for HBO, CINEMAX, SHOWTIME, MOVIE CHANNEL, STARZ and several others. Pay per view options are also included.

For the CLEC and partner communities the following services are available: Hosted PBX, VoIP services, active ethernet transport up to 1 Gig capabilities, video, and basic phone service with variety of calling features.

B. Discussion About Key Management:

The current management team of FMTC has worked well together for almost 20 years and recently completed a \$20 million FTTH project within our own serving areas that started in 2012 and was completed in 2017. FMTC provides 100% FTTH coverage within our regulated exchanges. Upon completing our FTTH project within our exchanges, we were designated as a NTCA Gigabit Certified Company. As shown in their attached resumes and job descriptions, the management team is very capable and are dedicated to the telecommunications industry.

FMTC is not anticipating any organizational changes in the near future as we restructured our management teams the beginning of 2018. This change to the current structure allowed for smoother processes on projects and more communication between staff. FMTC is not anticipating participating in any acquisitions or mergers in the next few years either.

FMTC is a shareholder owned company. We have 1,000 shares authorized of which 619 have been issued and 318 are outstanding. Eligible shareholders must reside in our service area and have a limit of five (5) shares per person. Our current dividend pricing is \$100/year. FMTC's Board of Directors reviews the dividends annually.

C. Description of Company's Workforce:

FMTC has 21 full time employees, who are all well trained in their areas. Weekly training, conferences, and other training opportunities keep the staff up to date on the everchanging technology advancements. FMTC's employees range in experience from 1 year to 39 years in the telecommunications/broadband industry. The average age of our employees is 49, with a range from 24 to 67 years old. FMTC has seven office staff, including the GM/CEO, CFO, CXO, CTO, Office Manager, Logistics Manager, Customer Service Representatives, and Administrative Assistant. There are fourteen employees dedicated to technical operations,

including the Plant Manager, Services Manager, Network Manager, IT Technicians, and Plant Technicians.

FMTC works with several Consulting Companies and Contractors who contribute to our success. Oak Hill Consulting, Consortia Consulting, BKD LLC, and KKK are just a few of the companies that FMTC has worked with for many years.

The FMTC team as described above is a proven, qualified corporation capable of handling the rural Red Oak FTTH project.

D. Description of interactions between any parent, affiliated or subsidiary operations:

NA

E. Detailed Description of the proposed project:

FMTC proposes to expand its service offerings in Red Oak through the Reconnect program to the underserved rural areas in the Red Oak exchange area. As part of the proposal we will be building a new central office building with fiber interconnection to the existing FMTC fiber network. Extending diverse and redundant fiber connections for the offering of voice, internet and IP video services to the rural Red Oak customers. We are proposing to offer the same single and multi-line and hosted PBX voice services. We will offer internet services to the new customers using active Ethernet electronics with capacity of 1 Gbps of service. Initial offerings will be 100 Mbps symmetrical. There are 448 customer locations possible. We believe these are all underserved residential subscribers.

The proposed building of 22 miles of rural fiber cabling in North service area proposed for year 1. Also in year 1, we are proposing to build out the East, West and Northwest service areas with 76 miles of rural fiber cabling. In year 2, we are proposing to build out the West, Southwest and Southeast service areas with 80 miles of rural fiber cabling. Year 3, would be a cleanup and closeout year for any additional customers to be connected.